**Strong financial results.** U.S. Bancorp

delivered strong financial results in 2003, the

culmination of five years of transformation and

integration, during which we forged a company

uniquely positioned to generate consistent earnings

and revenue growth.

• Earnings per share increased 17.6% over 2002

• Record net income increased 17.8% over 2002

• Industry-leading Return on Assets of 1.99%

• Industry-leading Return on Equity of 19.2%

• Industry-leading Tangible Common

Equity of 6.5%

• Positive debt rating changes by

the rating agencies

**Growing U.S. Bancorp.** With virtually all

integration and merger-related activities behind us,

we are now focused solely on growing U.S. Bancorp

by leveraging the breadth and depth of the powerful

franchise we have built. Our five-year transformation

allowed us to gain access to high-growth markets,

to solidify strong regional positions and to build a

national platform. During our integration process,

we accelerated our cost control leadership. We are

now extending that cost and execution leadership,

as well as making significant strategic investments

in our highest-potential businesses, and reaffirming

our focus on delivering high-quality service.

**Achieving our goals to build a stronger**

**corporation.** I am pleased to tell you that

U.S. Bancorp accomplished the performance,

credit quality and other goals we had previously

committed to achieving. We met financial

objectives — in particular, revenue growth,

expense management, net interest margin and

earnings per share.

In addition, and perhaps most importantly, we

continue to show improvement in overall credit

quality, a direct result of all we have done in the

past two years to reduce this corporation’s risk

profile. We also completed the spin-off of Piper

Jaffray, further reducing risk and volatility in our

business. Finally, we began a major expansion of

our distribution channels in fast-growing markets

within our franchise through the previously

announced in-store branch partnerships with

Safeway/Vons, Smith’s and Publix.

**140 years of creating value for**

**shareholders.** We have targeted returning

80 percent of our earnings to shareholders through

a combination of dividends and share repurchases.

The 17 percent common stock dividend increase

approved by our Board of Directors and announced

in December 2003 is a continuation of a long

history of paying significant dividends, as well

as a reflection of the Board’s confidence in this

corporation’s future success.

U.S. Bancorp, through its predecessor companies,

has increased its dividend in each of the past

32 years and has paid a dividend for 140

consecutive years.

In addition to the common stock dividend discussed

above, as part of the December 2003 spin-off of

Piper Jaffray, U.S. Bancorp distributed common

shares of the new Piper Jaffray Companies in the

form of a special dividend to eligible U.S. Bancorp

shareholders.

Also in December 2003, our Board of Directors

approved authorization to repurchase 150 million

shares of outstanding U.S. Bancorp common stock

during the next two years.

These specific steps were undertaken to increase

the value of your shares; in addition, we manage

this corporation with the long-term value of your

investment as our paramount objective. It’s the

reason we come to work each day.

**“We are pleased to tell you**

**that in 2003, we reported**

**record earnings and also**

**achieved the financial results**

**to which we had committed.”**

Sincerely,

Jerry A. Grundhofer

*Chairman, President and Chief Executive Officer*

U.S. Bancorp

February 27, 2004